

Message Text

CONFIDENTIAL

PAGE 01 TEL AV 05538 01 OF 02 121426Z

43

ACTION NEA-10

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C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 5538

E.O. 11652: GDS

TAGS: PFOR, PINT, PGOV, IS

SUBJECT: THE LABOR ALIGNMENT: A STATUS REPORT

REF: TEL AVIV 3718; 4057; 4211

BEGIN SUMMARY: THE CORE OF ISRAEL'S COALITION GOVERNMENT, THE LABOR ALIGNMENT, IS BESET WITH FACTIONALISM AND IDEOLOGICAL PROBLEMS. THIS IS PARTICULARLY TRUE IN THE LABOR PARTY ITSELF, WHERE DIFFERENCES OVER FUTURE NEGOTIATIONS WITH THE ARABS AND THE TERRITORIAL ISSUE HAVE STYMIED EFFORTS TO DRAFT A SINGLE POLITICAL PLATFORM FOR THE 1977 NATIONAL ELECTION. A GROUP HEADED BY ABBA EBAN HAS PREPARED A PROGRAM SIGNIFICANTLY MORE MODERATE THAN THE "14 ARTICLE" ON WHICH THE ALIGNMENT RAN IN THE 1973 ELECTION TWO OTHER DRAFTS EXIST WHICH TAKE PROGRESSIVELY HARDER POSITIONS ON THESE ISSUES. IT WILL BE THE TASK OF THE MUCH POSTPONE PARTY CONVENTION TO RECONCILE THESE CONFLICTING STANDS. MEANWHILE, MAPAM AWAITS THE OUTCOME OF THE LABOR PARTY'S STRUGGLE OVER A PLATFORM. IT MAY DESERT THE ALIGNMENT IF THAT PLATFORM IS NOT CONSIDERED CONCILIATORY ENOUGH ON THE ISSUES OF TERRITORIES AND NEGOTIATIONS. ON THE OTHER HAND, DAYAN
CONFIDENTIAL

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PAGE 02 TEL AV 05538 01 OF 02 121426Z

COULD LEAD A WALKOUT OF HARDLINERS IF THE PLATFORM

ACCOMMODATES TOO MUCH TO MAPAM'S VIES. INTERMINGLED WITH THESE STRUGGLES IS THE CONTINUING RIVALRY BETWEEN RABIN AND PERES FOR PARTY LEADERSHIP. WHETHER THESE DIVISIONS IN THE ALIGNMENT SPELL ITS DEFEAT IN 1977 IS STILL ANYONE'S GUESS, BUT THEY RAISE THE POSSIBILITY THAT LABOR'S UN-INTERRUPTED RULE SINCE THE FOUNDING OF THE STATE MIGHT BE APPROACHING AN END. END SUMMARY.

1. WHILE EVENTS IN LEABANON AND THE PSYCHOLOGICAL:POLITICAL LIFT FLOWING FROM THE ENEBBE RESCUE HAVE COMBINED TO GIVE ISRAEL ITS MOST RELAXED SUMMER SINCE THE OCTOBER WAR, SIGNS OF INTERNAL BICKERING AND FACTIONALISM SEEM TO BE INCREASING WITHIN THE RULING LABOR ALIGNMENT. EVIDENCE OF CONTINUING MALAISE INCLUDE EMBARRASSINGLY LOW REGISTRATION IN THE LABOR PARTY, DIFFICULTIES IN DRAFTING A POLITICAL PROGRAM, AND THE REPEATED POSTPONEMENT OF THE PARTY'S QUADRENNIAL CONVENTION.

2. PERHAPS THE BEST ILLUSTRATION OF THE DISSENSION IN LABOR RANKS IS THE DIFFICULTY IN DRAFTING A PLATFORM FOR THE PARTY ITSELF. THE VARIOUS FACTIONS ARE DEEPLY DIVIDED ON MANY ISSUES, MOST NOTICEABLY ON THE PROBLEM OF THE OCCUPIED TERRITORIES. A 30 MEMBER DRAFTING COMMITTEE UNDER THE CHAIRMANSHIP OF FORMER FOREIGN MINISTER ABBA EBAN WAS APPOINTED TO DRAW UP A POLITICAL PROGRAM. AFTER LONG AND REPORTEDLY HEATED DELIBERATIONS IT NOW APPEARS THAT THE COMMITTEE WILL ABANDON EFFORTS TO RECONCILE ITS DIFFERENCES AND WILL SUBMIT SEVERAL DRAFTS FOR THE CONVENTION'S CONSIDERATION.

3. AT ISSUE IS THE REVISION OF THE 14 ARTICLES ON WHICH THE LABOR PARTY RAN IN THE 1973 ELECTION. MANY OF THE PARAGRAPHS ARE CLEARLY OUTDATED, E.G., THOSE DEALING WITH THE IMMEDIATE AFTERMATH OF THE OCTOBER WAR AND THE OPENING OF THE GENEVA CONFERENCE IN DECEMBER 1973. THAT DOCUMENT SERVED TO BRIDGE THE GAP BETWEEN THE PARTY'S HARDLINERS AND MODERATES AT THE TIME BY THE USE OF VAGUE AND GENERAL LANGUAGE ON THE ISSUES OF BOUNDARIEWS, WITHDRAWALS, ETC. MAPAM AT ITS CONVENTION THIS PAST JUNE SERVED NOTICE TO THE LABOR PARTY THAT IT EXPECTS SIGNIFICANT CHANGES IN THE 14 ARTICLES TO REFLECT A

CONFIDENTIAL

PAGE 03 TEL AV 05538 01 OF 02 121426Z

MORE MODERATE STAND ON NEGOTIATIONS, TERRITORIES, AND THE PALESTINIANS (TEL AVIV 4057). MANYLABOR MEMBERS, INCLUDING SUCH KEYFIGURES AS FOREIGN MINISTER YIGAL ALLON AND MKS ABBA EBAN, YITZHAK BEN-AHARON, AND AHARON YARIV ARE ALSO CONVINCED THAT A NEW PLATFORM MUST BE BOTH MORE SPECIFIC ON TERRITORIES AND MORE FORTHCOMING IN OFFERS TO NEGOTIATE. THE POLITICAL PROGRAM DRAFTED BY THE EBAN GROUP IN THE COMMITTEE REPORTEDLY CONTAINS PHRASES SUCH AS "ISRAEL WILL

BE READY TO MAKE FAR-REACHING TERRITORIAL CONCESSIONS IN RETURN FOR TOTAL PEACE," AND "ISRAEL STANDS READY TO NEGOTIATE WITH JORDAN AND PALESTINIAN REPRESENTATIVES WHO ARE READY TO RECOGNIZE THE STATE OF ISRAEL AND NEGOTIATE WITH US. THE PLO IS EXCLUDED BECAUSE OF ITS ACTIVITIES AND IDEOLOGY...." ANOTHER CLAUSE STATES THAT ISRAEL DESIRES AN ALL ENCOMPASSING PEACE SETTLEMENT, BUT THAT IT WOULD NOT BE OPPOSED TO AN AGREEMENT MERELY TERMINATING THE STATE OF WAR.

4. ON THE OTHER HAND, OTHER LEADERS OF THE PARTY, PARTICULARLY THOSE FROM THE RAFI FACTION, HAVE SHOWN NO WILLINGNESS TO ACCEPT A MORE MODERATE VERSION OF THE 14 ARTICLES. THE EBAN DRAFT HAS ENRAGED HARDLINERS ON THE COMMITTEE LIKE ASHER BEN-NATHAN (EX-AMBASSADOR TO GERMANY AND FRANCE AND CURRENTLY DIPLOMATIC ADVISOR TO DEFENSE MINISTER PERES), URI AGAMI (SECRETARY OF THE LABOR PARTY'S HAIFA BRANCH) AND OTHERS WHO CLAIM THAT EBAN'S DRAFT DOES NOT REPRESENT A PARTY CONSENSUS BUT RATHER IS AN ATTEMPT TO APPEASE MAPAM. THEY ARE PARTICULARLY ANNOYED THAT EBAN DID NOT MENTION THE PRINCIPLE OF NON-WITHDRAWAL TO THE 1967 LINES, THE NON-ACCEPTANCE OF A THIRD STATE BETWEEN ISRAEL AND JORDAN, AND THE RIGHT OF ISRAELIS TO SETTLE IN ALL PARTS OF THE LAND OF ISRAEL. THIS HARDLINE ELEMENT IN THE COMMITTEE PLANS TO SUBMIT ITS OWN DOCUMENT WHICH WILL, INTER ALIA, STRESS THE POSITION THAT PEACE WILL NOT BE ACHIEVED BY TERRITORIAL WITHDRAWALS.

5. ANOTHER MEMBER OF THE DRAFTING COMMITTEE, FORMER AMBASSADOR TO THE UN JOSEF TEKOAH, IS PREPARING A COMPROMISE VERSION WHICH HE BELIEVES WILL EXPRESS A CONSENSUS OF THE LABOR PARTY. HIS DOCUMENT CONTAINS THE FOLLOWING WORDING: "PERMANENT, RECOGNIZED AND DEFENSIBLE BORDERS, BASED ON A TERRITORIAL COMPROMISE ON ALL FRONTS; AND IN ANOTHER SECTION, CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TEL AV 05538 01 OF 02 121426Z

"IN THE PEACE AGREEMENT WITH JORDAN, THE HISTORIC AND RELIGIOUS BOND OF THE JEWISH PEOPLE TO JUDEA AND SAMARIA WILL BE SAFEGUARDED BY GUARANTEEING FREE MOVEMENT BY THE CITIZENS OF ISRAEL, THE PRESERVATION OF THE HOLY PLACES FOR JEWS AND FREE ACCESS TO THOSE PLACES BY THE CONTINUATION OF JEWISH SETTLEMENT." THE TEKOAH DRAFT ALSO STATES THAT "THE NATIONAL RIGHTS OF THE PALESTINIANS WILL FIND EXPRESSION IN THE EXISTING JORDANIAN-PALESTINIAN STATE. ISRAEL REJECTS THE ESTABLISHMENT OF ANOTHER PALESTINIAN STATE." RECENT REPORTS INDICATE THAT EBAN HAS BEEN AMENDING HIS DRAFT IN AN ATTEMPT TO BROADEN ITS APPEAL TO THE HARDLINERS.

6. THE DIVISION IN THE PARTY REFLECTED BY THE DISAGREEMENT OVER A POLITICAL PROGRAM EMPHASIZES THE IMPORTANCE OF THE QUADRENNIAL CONVENTION WHERE THESE DIFFERENCES WILL HAVE TO

BE BRIDGED TO PRODUCE A PARTY PLATFORM. POSTPONED MORE THAN ONCE, THE LATEST WORD IS THAT THE CONVENTION MAY BE HELD IN FEBRUARY, BUT THERE IS EVEN SOME SPECULATION THAT IT MIGHT BE ANCELLED ALTOGETHER--WHICH WOULD CERTAINLY BE A GRAV ADMISION OF WEAKNESS. IN ANY EVENT, THE ELECTION OF

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PAGE 01 TEL AV 05538 02 OF 02 121437Z

43

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 5538

DELEGATES TO THE CONVENTION HAS RECENTLY BEEN POSTPONED FROM OCTOBER 25 TO DECEMBER 26. THE IMMEDIATE PROBLEM IN THIS REGARD HAD BEEN THE DIFFICULTY IN ORGANIZING AN EFFECTIVE PREPARATORY COMMITTEE. THIS WAS RESOLVED ONLY ON AUGUST 10 AFTER PROTRACTED WRANGLING WHEN A COMMITTEE OF 35 WAS FINALLY APPROVED TO INCLUDE SIX MINISTERS AND SUCH PARTY LUMINARIES AS GOLDA MEIR, DAYAN AND EBAN. APPARENTLY ANOTHER CAUSE FOR POSTPONEMENT IS APATHY AMONG PARTY WORKERS AND THE POOR REGISTRATION FIGURES, SAID TO BE 40-50,000 VS. 300,000 IN 1969.

7. MEANWHILE DAYAN APPEARS TO BE STAKING OUT A HAWKISH POSITION FOR HIMSELF IN THE LABOR PARTY. HE HAS CALLED FOR A DECISION THAT THE WEST BANK AND THE GAZA STRIP WILL REMAIN PART OF ISRAEL. HIS VIEWS HAVE BEEN SUMMARIZED AS "NOT SETTLEMENT LEADING TO ANNEXATION, BUT ANNEXATION

TO OPEN THE WAY FOR SETTLEMENT." OBSERVERS SUGGEST THAT DAYAN HOPES TO ENCOURAGE THE TREND TOWARD POLARIZATION OF THE LABOR PARTY AND THEN BECOME LEADER OF THE HARDLINE WING, IMPLICITLY THREATENING A WALKOUT FROM THE PARTY SHOULD IT ADOPT A DOVISH PLATFORM. THIS WOULD, INCIDENTALLY, LEAVE PERES WITH THE DILEMMA OF EITHER FOLLOWING DAYAN OUT AND
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEL AV 05538 02 OF 02 121437Z

PLAYING SECOND FIDDLE OR REMAINING IN THE PARTY WITH A SMALLER CONSTITUENCY FOR HIS OWN HARDLINE VIEWS.

8. FOR THE TIME BEING PERES SEEMS CONFIDENT THAT HIS CHANCES ARE IMPROVING FOR TAKING OVER THE LEADERSHIP OF THE PARTY. HE HAS PREDICTED TO A LOCAL JOURNALIST, WHO IS ALSO A LONG-TIME FRIEND, THAT HE CAN DEFEAT RABIN IN AN INTRA-PARTY STRUGGLE. IF HE DID (AND IT IS NOT AT ALL CERTAIN THAT THERE WILL BE SUCH A SHOWDOWN), PERES SAID HE WOULD MAKE DAYAN MINISTER OF ARAB AFFAIRS AND EBAN FOREIGN MINISTER AGAIN. EVEN ASIDE FROM THIS INTERESTING POSSIBILITY OF BRIDGING THE SCHISMS IN LABOR, MANY OBSERVERS AGREE THAT AS A SOMEWHAT MORE ATTRACTIVE PERSONALITY, PERES IS SLOWLY GAINING ON RABIN AMONG LABOR'S RANK AND FILE. THEY PERCEIVE HIS APPEAL TO THE GENERAL PUBLIC AS GREATER THAN RABIN'S.

9. RABIN'S PREDILECTION IS TO MAINTAIN THE UNITY OF THE PARTY AND THE ALIGNMENT WITH MAPAM BY AVOIDING SPECIFICS IN THE PLATFORM. HE FAVORS PUBLIC DECLARATIONS EXPRESSING READINESS FOR FAR-REACHING TERRITORIAL COMPROMISES, FOR EXAMPLE, BUT FRETS OVER PUTTING SUCH LANGUAGE IN A PARTY DOCUMENT. VERBAL PRONOUNCEMENTS MAY NOT SATISFY MAPAM, OR FOR THAT MATTER, THE DAYAN-PERES-BEN NATHAN WING OF THE PARTY. FAILURE TO MAKE THE 14 ARTICLES MORE SPECIFIC, AS WELL AS RABIN'S COMING DOWN ON ONE SIDE OR THE OTHER, RISKS DISSOLUTION OF THE ALIGNMENT OR A WALKOUT BY THE HARDLINERS.

10. BEYOND THIS QUESTION OF A PROGRAM, THE PARTY IS BADLY IN NEED OF DIRECTION AND PLAN. RABIN, HOWEVER, DOES NOT APPEAR TO BE THE PERSON WHO CAN REVITALIZE THE PARTY, MUCH AS HE MAY HAVE ITS RESPECT. HE HAS OFTEN EXPRESSED A DISTASTE FOR GRASS-ROOTS PARTY WORK; YET OUTSIDE OF RABIN THERE SEEMS TO BE NO ONE WHO HAS TAKEN UP THE CHORE OF PULLING THE PARTY TOGETHER. RABIN HAS NOT BROUGHT INTO POSITIONS OF LEADERSHIP ANY OF THE COUNTRY'S SEVERAL FRESH, ATTRACTIVE FIGURES WHO ARE PRO-LABOR SUCH AS JACOB LEVINSON, FORMER CHAIRMAN OF HAPOLIM, AND MEIR AMIT, PRESIDENT OF KOOR INDUSTRIES. RUMBLINGS WILL PROBABLY ALWAYS BE HEARD AMONG THE PARTY FAITHFUL AS TO RABIN'S LACK OF A BACKGROUND IN POLITICS AND HIS ABRASIVE QUALITIES. AS ONE PERCEPTIVE OBSERVER RECENTLY PUT IT: HIS "EDGES" NEED SMOOTHING.
CONFIDENTIAL

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PAGE 03 TEL AV 05538 02 OF 02 121437Z

11. THE STATE OF THE ECONOMY IS ANOTHER QUESTION MARK. RABIN HAS HAD ONLY VERY LIMITED SUCCESS IN DEALING WITH ISRAEL'S BASIC ECONOMIC PROBLEMS OF HIGH INFLATION AND HUGE BALANCE OF PAYMENTS DEFICITS. INFLATION WILL AMOUNT TO SOME 35 PERCENT THIS YEAR; THE PAYMENTS DEFICIT IS COVERED ONLY THROUGH MASSIVE U.S. ASSISTANCE. SINCE THERE IS LITTLE PROSPECT OF SIGNIFICANT IMPROVEMENT OVER THE NEXT YEAR, THE ECONOMY WILL LIKELY BE A NEGATIVE FACTOR FOR LABOR IN THE ELECTION.

12. DOES ALL THIS MEAN DEFEAT FOR THE LABOR ALIGNMENT IN 1977? IT IS, OF COURSE, TOO EARLY TO TELL. IT WOULD CERTAINLY BE IMPRUDENT TO FORECAST WITH CONVICTION THE RESULT OF AN ELECTION OVER A YEAR AWAY. MOREOVER, WE SUSPECT THAT PARTS OF THIS RECORD OF LABOR DISARRAY HAVE BEEN PLAYED BEFORE--PRIOR TO THE ELECTIONS OF '73, '69, '65 AND MAYBE EVEN EARLIER. THERE IS NO DENYING THAT THE CONSTELLATION OF CIRCUMSTANCES FOR DEFEATING THE LABOR-LED GOVERNMENT IN THE POST-OCTOBER WAR ELECTION OF 1973 WERE STRONGLY IN LIKUD'S FAVOR. YET THE LIKUD FAILED TO HIT PAY DIRT. PROBABLY ONE FACTOR IN LABOR'S '73 PLURALITY WAS THAT TOO GREAT A SHARE OF THE ISRAELI ELECTORATE COULD NOT ACCEPT LIKUD AS AN ALTERNATIVE AND FELT THEY HAD NOWHERE TO GO IF THEY DESERTED LABOR. WHAT-EVER MAY HAPPEN OVER THE NEXT YEAR, THIS SAME PERCEPTION MAY ENSURE LABOR'S PLURALITY IN THE '77 ELECTION. YET, BECAUSE ISRAEL IS A FUNCTIONING DEMOCRACY, IT IS PROBABLY INEVITABLE THAT THE UNINTERRUPTED RULE OF THE LABOR PARTY WILL ONE DAY BE BROKEN, AND LABOR'S CURRENT PROBLEMS INDICATE THAT THAT COULD HAPPEN NEXT YEAR.

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